



TO: House Education Committee  
FROM: Lance Melton, Executive Director  
Montana School Boards Association  
RE: Senate Bill 508  
DATE: March 28, 2007

EXHIBIT 3  
DATE 3-28-07  
SB 508

The Montana School Boards Association appreciates Senator Hawks' introduction of SB 508, which proposes to add school facilities to the enumerated list of public facilities for which impact fees can be assessed. Under current law as passed last session, impact fees can be assessed for public schools only upon a unanimous vote of the county commissioners or a two thirds vote of a city council. The Montana School Boards Association's general assembly unanimously supported a resolution calling for changes in the law as proposed in SB 508.

The Legislature's definition of the basic system of free schools includes adequate facilities for schools to comply with the accreditation standards. As such, adequate facilities are guaranteed by the legislative definition of quality. If developers create a disproportionate impact on a school's ability to comply with the definition of quality, it is only sensible to ensure that the developer, who is making a profit, pay its fair share of the costs of providing facilities to ensure the provision of a basic system of free quality schools without disproportionately impacting other local taxpayers or the state of Montana.

The purpose of impact fees is to provide for the additional service capacity required by the development from which it is collected. Current law allows impact fees upon a majority vote of the city or county officials for a variety of facilities predicted to be necessary as a result of development. Among all forms of local government services, K-12 public education is the only one guaranteed to be provided on a quality basis in the Montana Constitution.

Senate Bill 508 ensures that a developer, who is making a profit, shares in the costs of providing for the additional capacity in our public schools required by the development.

Thank you for taking the time to consider MTSBA's testimony on Senate Bill 508. We will be available for any questions the committee may have.

Attachments: MTSBA Resolution on Impact Fees  
Spreadsheet Identifying Impact of Growth on Gallatin Gateway

## **RESIDENTIAL DEVELOPMENT IMPACT FEES FOR MONTANA PUBLIC SCHOOLS**

WHEREAS, new residential developments, increasing at record rates for some Montana school districts, are generating increased student enrollment and are not required to pay a fair and proportionate share of increased capital costs incurred by local public school districts to accommodate the impacts and meet the requirements of providing a quality public education for new students in existing school districts, and

WHEREAS, local government entities do not have clear legal authority to establish and set impact fees for public school districts; and

WHEREAS, residential property tax revenues fail to adequately cover the costs of the capital improvements needed to serve projected growth; and

WHEREAS, political resistance to property taxes on school building referendums compromises the conventional way to pay for school infrastructure needs brought on by new residential development; and

WHEREAS, it is an unfair burden on the existing taxpayers of a school, especially those on fixed incomes, to pay a disproportionate share of the cost of additional facilities created by new residential developments; and

WHEREAS, while school impact fees do not reflect the full price of infrastructure improvements, these fees offer a fair and efficient way to pay for public facility capital improvements and establish a direct economic linkage between those paying for and those receiving the benefits; and

WHEREAS, local government entities have the authority to collect impact fees for public facilities explicitly defined in MCA 7-6-1601 as a waste supply facility, a wastewater facility, a transportation facility, a storm water facility, and police and fire protection facilities, but not for public school facilities;

THEREFORE BE IT RESOLVED, that the Montana School Boards Association support the use of impact fees for public schools; and

BE IT FURTHER RESOLVED, that the MTSBA endorse changes in MCA 7-6-1601 to include public school facility in the definition of public facility; and

BE IT FINALLY RESOLVED, that the MTSBA strongly endorse legislation during the 2007 Legislature that grants local government entities under MCA 7-6-1601 the authority to establish and set impact fees on new residential developments in order to provide public schools with the capital improvement funds needed to keep pace with school enrollment increases. (Additional legal references: 15-24-3005; 15-24-3006; 20-9-615)

## The Need for Impact Fees - Example - Gallatin Gateway School District

Item	Number	Explanation/Source
Total Number of Households in Montana	358667	Census Statistics, 2000
Number of elementary school aged children in Montana (ages 5-14)	131261	Census Statistics, 2000
Average number of elementary children per household in Montana overall	0.37	Divided total number of elementary children by total number of households in state
Projected new households in Gallatin Gateway if subdivision is approved	390	Subdivision in pre-application status with Gallatin County
Number of pupils currently enrolled in Gallatin Gateway	137	OPI, School Systems Enrollment, FY06
Projected number of additional pupils that would be generated from approval of 390 living unit subdivision recently submitted for approval	143	Multiplied number of living units proposed in subdivision times the average number of elementary aged children per household in Montana.
Projected additional square footage needed to accommodate new students to be generated	120 square feet per pupil for elementary; 146 square feet per pupil for middle school.	According to the periodical School Planning and Management, the median square footage per elementary pupil is just over 120 sq. ft. The median square footage per pupil for middle schools 146 sq. ft. Current ANB for Gallatin Gateway is 109 elementary children and 24 high school children.
Total projected additional square footage needed for new children from subdivision	17956	Number computed by multiplying 118 elementary children times 120 square feet and 26 middle school children by 146 square feet.
Projected cost per square foot for construction of facility, exclusive of land costs	151	Today's costs based on recent projections for Bozeman Elementary District, based on 129,000 square feet at \$19.5 million, including permit fees, architect fees and projected building costs.
Total projected cost of new construction, exclusive of land	\$2,711,356	Based on total projected square footage needed times cost per square foot.
Additional cost of land @ 32 acres	\$1,623,036	Bozeman High School District has an option on 57 acres for \$3 million, which averages out to \$52,356 dollars per acre. The Council of Educational Facilities Planners International has guidelines for site selection that recommend 10 acres plus 1 acre for every 100 elementary students and 20 acres plus 1 acre for every 100 middle school students.
Total projected cost of new construction, land included, no furnishings, etc.	\$4,334,392	Total of projected construction and land costs.
Maximum bonding capacity per section 20-9-406, MCA	\$1,706,918	Gallatin Gateway's taxable valuation is \$3,793,151. Montana law limits a school district in selling bonds to 45% of taxable valuation. Source of data is OPI data sheets, 2006-07
Shortfall in Gallatin Gateway, assuming successful passage of bond issue at maximum rate allowed by current law, exclusive of land costs.	-\$2,627,474	Based on projected construction costs minus maximum bonding capacity of the district.
Impact fee per lot to make up difference between bonding capacity and projected construction costs	\$7,572	Based on difference between projected cost of construction and maximum bonding capacity, divided by 347 lots
Impact fee per lot to provide for total projected construction costs	\$12,491	Based on total projected costs divided by 347 lots